

FINAL

STATE OF CONNECTICUT

**STATE REVOLVING FUND GENERAL REVENUE BOND PROGRAM
GENERAL BOND RESOLUTION**

Adopted December 17, 2002

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
ARTICLE I. DEFINITIONS	1
Section 1.01 Definition	1
Section 1.02 Interpretation.....	9
ARTICLE II. AUTHORIZATION AND ISSUANCE OF BONDS	9
Section 2.01 Authorization for General Resolution	9
Section 2.02 Resolution to Constitute Contract.....	9
Section 2.03 Authorization of Bonds.....	10
Section 2.04 Authorization for Bonds in Series	10
Section 2.05 Issuance and Delivery of Bonds	12
Section 2.06 Conditions Precedent to Authentication and Delivery of Bonds.....	12
Section 2.07 Bond Anticipation Notes.	13
Section 2.08 Ability to Issue Other Obligations.	13
Section 2.09 Other Financial Assistance.	13
Section 2.10 Related Program Obligations.....	14
ARTICLE III. GENERAL TERMS AND PROVISIONS OF BONDS.....	14
Section 3.01 Medium of Payment; Form and Date	14
Section 3.02 Legends.....	15
Section 3.03 Execution and Authentication.....	15
Section 3.04 Interchangeability of Bonds.....	15
Section 3.05 Negotiability, Transfer and Registry	15
Section 3.06 Regulations with Respect to Exchanges Transfers	16
Section 3.07 Bonds Mutilated, Destroyed, Stolen or Lost	16
Section 3.08 Preparation of Definitive Bonds; Temporary Bonds	17
Section 3.09 Security Depository	17
ARTICLE IV. APPLICATION OF BOND PROCEEDS	18
Section 4.01 Application of Bond Proceeds	18
ARTICLE V. ESTABLISHMENT OF FUNDS AND ACCOUNTS, AND APPLICATION THEREOF	18
Section 5.01 Available Moneys	18
Section 5.02 Pledge	18
Section 5.03 Revolving Fund.	19
Section 5.04 Establishment of Funds and Accounts.....	19
Section 5.05 Pledged Fund	19
Section 5.06 Bond Proceeds Fund	20
Section 5.07 Debt Service Fund	21

Section 5.08	Support Fund	22
Section 5.09	Rebate Fund.	22
Section 5.10	Disposition of Bonds Upon of Payment	23
Section 5.11	Trustee’s Maintenance of Records on Payment of Bonds.....	23
ARTICLE VI. REDEMPTION OF BONDS		23
Section 6.01	Privilege of Redemption and Redemption Price	23
Section 6.02	Redemption at the Election or Direction of the State	23
Section 6.03	Redemption Other Than at State’s Election or Direction	24
Section 6.04	Selection of Bonds to Be Redeemed	24
Section 6.05	Conditional Redemption.....	24
Section 6.06	Notice of Redemption.....	24
Section 6.07	Payment of Redeemed Bonds	25
ARTICLE VII. SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS.....		25
Section 7.01	Security Deposits	25
Section 7.02	Investment of Funds and Accounts Held By the Trustee	26
Section 7.03	Liability of Trustee for Investments	26
Section 7.04	Reports.....	26
Section 7.05	Payments Received the State	26
ARTICLE VIII. THE TRUSTEE AND THE PAYING AGENTS		27
Section 8.01	Appointment and Acceptance of Duties of Trustee.....	27
Section 8.02	Appointment and Acceptance of Duties of Paying Agent.....	27
Section 8.03	Responsibilities of Trustee and Paying Agents.	27
Section 8.04	Evidence on Which Trustee and Paying Agents Act.....	28
Section 8.05	Compensation	28
Section 8.06	Permitted Acts and Functions	28
Section 8.07	Resignation of Trustee.....	29
Section 8.08	Removal of Trustee.....	29
Section 8.09	Appointment of Successor Trustee.....	29
Section 8.10	Transfer of Rights and Property to Successor Trustee	30
Section 8.11	Merger, Conversion or Consolidation	30
Section 8.12	Resignation or Removal of the Paying Agents and Appointment of Successors.....	31
ARTICLE IX. COVENANTS OF THE STATE.....		31
Section 9.01	Payment of Bonds.....	31
Section 9.02	Further Assurances	32
Section 9.03	Power to Issue Bonds and Make Pledges	32
Section 9.04	General.....	32
Section 9.05	Accounts and Reports.....	33
Section 9.06	Personnel and Servicing of the Program.	33
Section 9.07	Loan Agreement Provisions	33

Section 9.08	Pledge of Pledged Borrower Obligations	34
Section 9.09	Federal Tax Covenant.....	34
Section 9.10	State Tax Covenant.....	34
Section 9.11	Agreement of the State	34
Section 9.12	Payment of Bonds.....	35
Section 9.13	Deposit of Pledged Receipts	35
ARTICLE X. SUPPLEMENTAL RESOLUTIONS		35
Section 10.01	Modification and Amendment Without Consent.....	35
Section 10.02	Supplemental Resolutions Effective With Consent of Bondholders	36
Section 10.03	General Provisions Relating to Supplemental Resolutions	36
ARTICLE XI. AMENDMENTS		37
Section 11.01	Powers of Amendment.	37
Section 11.02	Consent of Bondholders	38
Section 11.03	Modifications by Unanimous Consent	39
Section 11.04	Mailing.....	39
Section 11.05	Exclusion of Bonds.....	39
Section 11.06	Notation on Bonds	39
ARTICLE XII. DEFAULTS AND REMEDIES		40
Section 12.01	Events Default	40
Section 12.02	Remedies.....	40
Section 12.03	Priority of Payments After Default.....	41
Section 12.04	Termination of Proceeding	42
Section 12.05	Bondholders' Direction of Proceedings.....	42
Section 12.06	Limitation on Rights of Bondholders	42
Section 12.07	Possession of Bonds by Trustee Not Required.....	43
Section 12.08	Remedies Not Exclusive.....	43
Section 12.09	No Waiver of Default	44
Section 12.10	Notice of Event of Default.....	44
ARTICLE XIII. EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOFS OF OWNERSHIP OF BONDS		44
Section 13.01	Evidence of Signatures of Bondholders and Ownership of Bonds.....	44
ARTICLE XIV. DEFEASANCE.....		45
Section 14.01	Defeasance.....	45
ARTICLE XV. MISCELLANEOUS.....		46
Section 15.01	Preservation and Inspection of Document.....	46
Section 15.02	Bond Insurer May Act	46

Section 15.03	Parties of Interest	46
Section 15.04	No Recourse Under Resolution or on Bonds.....	46
Section 15.05	Severability	47
Section 15.06	Heading.....	47
Section 15.07	Conflict	47
Section 15.08	Effective Date	47

**STATE REVOLVING FUND GENERAL REVENUE BOND PROGRAM
GENERAL BOND RESOLUTION**

Be It Resolved by the members of the State Bond Commission of the State of Connecticut as follows:

ARTICLE I.

DEFINITIONS

Section 1.01 Definitions.

The following terms shall, for all purposes of this Resolution, have the following meanings:

“**Accountant’s Certificate**” shall mean a certificate signed by a certified public accountant of a firm of independent certified public accountants of recognized standing selected by the State.

“**Acts**” shall mean, collectively, the Federal Act and the State Act.

“**Authorized Newspapers**” shall mean not less than two newspapers, customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language, one of which is of general circulation, in Hartford, Connecticut and the other of which is a financial newspaper circulated in the Borough of Manhattan, City and State of New York.

“**Authorized Officer**” shall mean the Treasurer of the State, any Deputy Treasurer of the State and any other person designated to the Trustee by such persons as an Authorized Officer.

“**Available Moneys**” shall mean all moneys in the Revolving Fund legally available for application to payments due under this Resolution.

“**Beneficial Owner**” shall mean, for any Bond which is held by a nominee, the beneficial owner of such Bond.

“**Bond**” or “**Bonds**” shall mean any Bond or Bonds, as the case may be, authenticated and delivered under this Resolution pursuant to a Supplemental Resolution.

“**Bondholders**” or “**Holder of Bonds**” or “**Holder**” or “**Owner of Bonds**” (when used with reference to Bonds) or any term of similar import, shall mean the Person who owns a Bond, provided that, pursuant to **Section 3.05**, the Person in whose name a Bond is registered in the Bond Register shall be regarded for all purposes as such owner.

“**Bond Proceeds Fund**” shall mean the Bond Proceeds Fund established pursuant to **Section 5.04**.

“Bond Register” and **“Bond Registrar”** shall have the respective meanings specified in **Section 3.05**.

“Book Entry Bonds” shall mean that part of a Series for which a Securities Depository or its nominee is the Bond holder.

“Borrower” shall mean any (A) metropolitan district, town, consolidated town and city, consolidated town and borough, city, borough, village, fire and sewer district, water district, sewer district or public authority, and each municipal organization having authority to levy and collect taxes or make charges for its authorized function, and (B) any private or public corporation or other entity authorized by the Acts to undertake activities pursuant to the Acts.

“Borrower Obligation(s)” shall mean the bond(s), note(s) or other evidence(s) of debt issued by any Borrower, which obligation(s) may be general obligation(s), revenue obligation(s) and/or corporate obligation(s), or such other obligation(s) acceptable to the State and in compliance with the requirements of the Acts, and which have heretofore been or will, hereafter be acquired by the State as evidence of indebtedness of a Loan to the Borrower pursuant to the Acts.

“Business Day” shall mean any day of the year other than (A) a Saturday or Sunday, (B) any day on which banks located in the State or the city in which the Office of the Trustee is located are required or authorized by law to remain closed, or (C) any day on which the New York Stock Exchange is closed.

“Clean Water Fund” shall mean the State’s Clean Water Fund established by Section 22a-477 of the State Act, which currently includes the following accounts: (A) a water pollution control federal revolving loan account, (B) a water pollution control state account, (C) a Long Island Sound clean-up account, (D) a drinking water federal revolving loan account, (E) a drinking water state account, and (F) a river restoration account.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the Regulations.

“Counsel’s Opinion” shall mean an opinion signed by an attorney or firm of attorneys selected by or satisfactory to the State (who may be counsel to the State); provided, however, that for the purposes of Article II of this Resolution such term shall mean an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds selected by the State, and provided, further, that for the purposes of Article V of this Resolution such term when used with respect to the Borrower Obligations shall mean an opinion signed by an attorney or firm of attorneys of recognized standing in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, selected by the Borrower and approved by the State.

“Conditional Redemption” shall mean a redemption where the State has stated in the redemption notice to the Trustee that (A) the redemption is conditioned upon deposit of funds or (B) the State has retained the right to rescind the redemption, as further described in **Section 6.05**.

“Debt Service Fund” shall mean the Debt Service Fund established by **Section 5.04**.

“Defeasance Security” shall mean

(A) a Government Obligation, excluding obligations described in clause (C) of this definition, but including the interest component of REFCORP bonds for which the separation of principal and interest is made by request of the Federal Reserve Bank of New York in book–entry form, that is not subject to redemption prior to maturity other than at the option of the holder thereof or that has been irrevocably called for redemption on a stated future date;

(B) if so provided by the State statutes, an Exempt Obligation (1) that is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (2) the timely payment of the principal or redemption price thereof and interest thereon is fully secured by a fund consisting only of cash or obligations described in clauses (A) and (B) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (1) above, and (3) that is rated in the highest rating category of a nationally recognized rating service;

(C) a bond, debenture, note, participation certificate or other obligation, is (1) issued by federal land banks, the Federal National Mortgage Association, the federal home loan bank system, the federal intermediate credit banks, the Tennessee Valley Authority, public housing authorities and fully secured by payment of both principal and interest by a pledge of annual contributions under contracts with the United States of America, the United States Postal Service, banks for cooperatives and the Farmers Home Administration, or any other instrumentality of the United States of America that is permitted under the Act; and (2) is rated in the highest rating category of each nationally recognized rating service that then rates such note, bond, debenture, mortgage or other evidence of indebtedness, provided, however, that such term shall not mean any interest in a unit investment trust or mutual fund; or

(D) if so provided by the State statutes, money markets secured by Government Obligations.

“DEP” shall mean the State of Connecticut Department of Environmental Protection.

“Department of Health” shall mean the State of Connecticut Department of Health.

“Earnings” shall mean all income or gain on moneys deposited in any of the Funds established by **Section 5.04**, except for the Rebate Fund, including the amortization of premiums on each Payment Date and the recognition of discounts at maturity.

“Exempt Obligation” shall mean pre-refunded municipal obligations.

“**Federal Act**” shall mean, collectively, (A) the federal Water Quality Act of 1987, which amended the federal Clean Water Act of 1972, together with any regulations promulgated thereunder, as amended from time to time, (B) the federal Safe Drinking Water Act Amendments of 1996, together with any regulations promulgated thereunder, as amended from time to time, and (C) any future federal acts that may establish programs funded with federal grants or other federal funding, the programs which may be cross-collateralized with the Program and which the State has determined to so cross-collateralize.

“**Fiduciary**” or “**Fiduciaries**” shall mean the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

“**Fiscal Year**” shall mean any 12 consecutive calendar months commencing with the first day of July and ending on the last day of the following June.

“**Government Obligation**” shall mean (A) a direct obligation of, or an obligation the timely payment of the principal of and interest on which is guaranteed by, the United States of America, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or the Federal Farm Credit System, or in certificates of deposit or time deposits secured by such obligations, and (B) an obligation described in subsection (a) which has been stripped by the United States Department of the Treasury itself or by any Federal Reserve Bank (not including “CATS,” “TIGRS” and “TRS”).

“**Information Services**” shall mean an institution or other service providing information with respect to called bonds as the State may, at its option, designate in a certificate of an Authorized Officer delivered to the Trustee, which may include but shall not be limited to: (A) Financial Information, Inc.’s “Daily Called Bond Service,” 30 Montgomery Street, 20th Floor, Jersey City, New Jersey 07302, Attention: Editor; (B) Kenny Information Services’ “Called Bond Service,” 65 Broadway, 16th Floor, New York, New York 10006; Moody’s “Municipal and Government,” 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Report; and (C) Standard & Poor’s “Called Bond Record,” 25 Broadway, 3rd Floor, New York, New York 10004. In accordance with then-current guidelines of the Securities and Exchange Commission, the State may designate such other addresses and/or such other services providing information with respect to called bonds, or no such services.

“**Investment Obligations**” shall mean:

(A) bonds or obligations of, or guaranteed by, the State or the United States, or agencies or instrumentalities of the United States;

(B) certificates of deposit, commercial paper, savings accounts and bank acceptances in the obligations of any state of the United States or any political subdivision thereof or the obligations of any instrumentality, authority or agency of any state or political subdivision thereof, provided that at the time of investment such obligations are rated within one of the top two rating categories of any nationally recognized rating service or of any rating service recognized by the State commissioner of banking, and applicable to such obligations;

(C) the obligations of any regional school district in the State, of any municipality in the State or any metropolitan district in the State, provided that at the time of investment such obligations of such government entity are rated within one of the top three rating categories of any nationally recognized rating service or of any rating service recognized by the State commissioner of banking, and applicable to such obligations;

(D) any fund in which a trustee may invest pursuant to Section 36a-353 of the Connecticut General Statutes;

(E) investment agreements with financial institutions whose long-term obligations are rated within the top two rating categories of any nationally recognized rating service or of any rating service recognized by the State commissioner of banking or whose short-term obligations are rated within the top rating category of any nationally recognized rating service or of any rating service recognized by the State commissioner of banking;

(F) investment agreements rated within the top rating categories of any nationally recognized rating service or of any rating service recognized by the State commissioner of banking;

(G) investment agreements fully secured by obligations of, or guaranteed by, the United States or agencies or instrumentalities of the United States;

(H) to the extent permitted by State statutes, (1) the Short Term Investment Fund of the State (“**STIF**”), (2) the Tax Exempt Proceeds Fund of the State (“**TEPF**”) or (3) interest-bearing time deposits, or other similar banking arrangements, the Trustee has established with itself or a member bank or banks of the Federal Reserve System or banks the deposits of which are insured by the Federal Deposit Insurance Corporation; provided, that no moneys in such funds or accounts shall be so deposited as provided in (1), (2) or (3) above if such deposit would result in a decrease in the rating on the Bonds according to Standard & Poor’s and Moody’s Investors Service; provided further, that each such STIF deposit, TEPF deposit, interest-bearing time deposit or other similar banking arrangement shall permit the moneys so placed to be available for use at the times provided with respect to the investment or reinvestment of such moneys; and provided further, that all moneys in each such interest-bearing time deposit or other similar banking arrangement shall be continuously and fully secured by direct obligations of the United States of America or of the State or obligations the principal and interest of which are guaranteed by the United States of America or by the State, of a market value equal at all times to the amount of the deposit or of the other similar banking arrangement; or

(I) other investments permissible pursuant to Section 3-20 of the General Statutes of the State as such Section may be amended from time to time.

“**Loan**” shall mean (A) a loan made by the State to a Borrower pursuant to a Loan Agreement and the Acts and (B) any other financial support provided by the State to a Borrower under the Acts, including, without limitation, a guaranty, credit support, or credit enhancement.

“**Loan Agreement**” shall mean any loan agreement between the State and a Borrower setting forth the terms and conditions of a Loan.

“**Moody’s Investors Service**” shall mean Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or if Moody’s Investors Service, Inc., shall no longer be maintaining a rating on the Bonds, then another nationally recognized rating agency designated by the State Bond Commission of the State.

“**Notes**” shall mean any bond anticipation notes issued by the State pursuant to the State Act for purposes of the State Revolving Fund General Revenue Bond Program.

“**Other Financial Assistance**” shall mean any guaranty, credit support, credit enhancement, interest rate hedge agreement, interest rate lock agreement, interest rate exchange agreement, bond insurance or investment agreement entered into by the State with respect to one or more Series of Bonds.

“**Outstanding,**” when used with reference to Bonds, other than Bonds referred to in **Section 11.05**, shall mean, as of any date, Bonds theretofore or then being delivered under the provisions of this Resolution, except: (A) any Bonds cancelled by the Trustee or any Paying Agent at or prior to such date; (B) any Bonds for the payment or redemption of which moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in trust (whether at or prior to the maturity or redemption date); provided that if such Bonds are to be redeemed, irrevocable notice of such redemption shall have been given as provided in **Article IV** or provision satisfactory to the Trustee shall have been made for the giving of such notice; (C) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to **Article III** or **Section 11.06**; and (D) Bonds deemed to have been paid as provided in **Section 14.01(B)**.

“**Outstanding Obligations**” shall mean any outstanding obligations of the State that were issued pursuant to any authorization in furtherance of any of the purposes of the Program.

“**Paying Agent**” for the Bonds of any Series shall mean the bank or trust company and its successor or successors, appointed pursuant to the provisions of this Resolution and a Supplemental Resolution or any other resolution of the State adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

“**Payment Date**” shall mean such date or dates as may be set forth in a Supplemental Resolution.

“**Payment Period**” shall mean a period from, but not including, the date of calculation or any payment date of (A) with respect to Outstanding Bonds, principal or interest on Outstanding Bonds up to, and including, the next succeeding payment date of principal or interest on such Outstanding Bonds, or (B) with respect to Other Financial Assistance or Related Program Obligations, payments due on Other Financial Assistance or Related Program Obligations up to,

and including, the next succeeding payment date of amounts due on such Other Financial Assistance or Related Program Obligations.

“**Person**” or “**person**” means an individual, corporation, firm, association, partnership, limited liability company, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“**Pledged Borrower Obligations**” shall mean any Borrower Obligations that are pledged to one or more Series of Bonds pursuant to applicable Supplemental Resolutions.

“**Pledged Fund**” shall mean the Pledged Fund established by **Section 5.04**.

“**Pledged Receipts**” shall mean, the payments from Pledged Borrower Obligations.

“**Program**” shall mean all of the State’s revolving fund programs operated under the Federal Act, which consists of providing assistance in furtherance of the purposes set forth in the Acts, as each may from time to time be modified, amended or supplemented.

“**Project**” shall mean the design, acquisition, construction, improvement, repair, reconstruction, renovation or expansion of any project that may be eligible for financing by the State in furtherance of the Program.

“**Rebate Fund**” shall mean the Rebate Fund established by **Section 5.04**.

“**Record Date**” shall mean, unless otherwise determined by a Supplemental Resolution for a Series of Bonds, the close of business on the fifteenth day preceding a payment date or, if such day shall not be a Business Day, the immediately preceding Business Day.

“**Redemption Account**” shall mean the Redemption Account established by **Section 5.04**.

“**Redemption Price**” shall mean, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to this Resolution and the Supplemental Resolution pursuant to which the same was issued.

“**Regulations**” shall mean any applicable Internal Revenue Service Regulations promulgated in proposed, temporary or final form. Proposed regulations are “applicable” only if, in the event they are adopted in final form, such regulations would apply to the Bonds.

“**Related Program Obligations**” shall mean any financial obligation entered into by the State in furtherance of the Program that may be legally payable from the Revolving Fund, and designated in a Supplemental Resolution to be paid from the Debt Service Fund.

“**Resolution**” shall mean this State Revolving Fund General Revenue Bond Program General Bond Resolution as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms and provisions hereof.

“**Revolving Fund**” shall mean collectively, (A) the State water pollution control revolving loan account within the Clean Water Fund established in accordance with Title VI of the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), as it may be amended from time to time, (B) the State drinking water federal revolving loan account within the Clean Water Fund established in accordance with the federal Safe Drinking Water Act (42 U.S.C. Section 300f et seq.), as it may be amended from time to time, and (C) a similar account related to any expansion of the Program as a result of changes to the definition of Federal Act as described in the definition thereof.

“**Securities Depository**” shall mean the Depository Trust Company, of New York, New York and/or its nominee, Cede & Co., or any successors, or any Person that is registered as a clearing agency under Section 17A of the Securities Exchange Act of 1934 or whose business is confined to the performance of the functions of a clearing agency with respect to exempted securities, as defined in Section 3(a)(12) of such Act for the purposes of Section 17A thereof.

“**Series**”, “**Series of Bonds**” or “**Bonds of a Series**” or words of similar meaning shall mean the Series of Bonds authorized by a Supplemental Resolution.

“**Sinking Fund Installment**” shall mean, as of any particular date of calculation, (A) the amount required by this Resolution and a Supplemental Resolution to be deposited by the State for the retirement of Bonds which are stated to mature subsequent to such date or (B) the amount required by this Resolution and a Supplemental Resolution to be deposited by the State on a date for the payment of Bonds at maturity on a subsequent date.

“**Standard & Poor’s**” shall mean Standard & Poor’s Ratings Services and its successors and assigns, and includes any successor thereto or, if Standard & Poor’s shall no longer be maintaining a rating on the Bonds, then another nationally recognized rating agency designated by the State Bond Commission of the State.

“**State**” shall mean the State of Connecticut.

“**State Act**” shall mean the Clean Water Fund Act, being Sections 22a-475 to 22a-483, inclusive, of the General Statutes of the State, as amended from time to time, together with any future State acts that may establish programs funded with federal grants or other federal funding, the programs which may be cross-collateralized with the Program and which the State has determined to so cross-collateralize.

“**State Bond Commission**” shall mean the State Bond Commission established under Section 3-20 of the General Statutes of Connecticut as amended.

“**Supplemental Resolution**” shall mean a resolution supplemental to or amendatory of this Resolution, adopted by the State in accordance with **Article X**.

“**Support Fund**” shall mean the Support Fund established by **Section 5.04**.

“**Support Requirement**” shall mean, with respect to one or more Series of Bonds, the amount established from time to time by the State, as described in the applicable Supplemental Resolution.

“**Tax Regulatory Agreement**” shall mean, with respect to any Series of Bonds, that Agreement of the State relating to maintenance of the excludability of interest on such Bonds from gross income for federal income tax purposes, delivered in connection with the issuance of such Series of Bonds.

“**Treasurer**” shall mean the Treasurer of the State of Connecticut.

“**Trustee**” shall mean the bank or trust company appointed pursuant to **Section 8.01** to act as trustee hereunder, and its successor or successors and any other bank or trust company at any time substituted in its place pursuant to this Resolution.

Section 1.02 Interpretation.

(A) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa.

(B) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this Resolution, refer to this Resolution.

(C) Words importing persons include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies and political subdivisions, as well as natural persons.

(D) All approvals, consents and acceptances required to be given or made by any person or party hereunder shall be at the sole discretion of the party whose approval, consent or acceptance is required.

(E) All section references to the Acts shall refer to those sections as designated as of the date of adoption of this Resolution, and any successor section.

ARTICLE II.

AUTHORIZATION AND ISSUANCE OF BONDS

Section 2.01 Authorization for General Resolution. This State Revolving Fund General Revenue Bond Program General Bond Resolution is adopted pursuant to the State Act.

Section 2.02 Resolution to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be a part of the contract of the State with the Holders of Bonds and shall be deemed to be and shall constitute a contract among the State, the Trustee and the Holders from time to time of the Bonds, and such provisions are covenants and agreements with such Holders which the State hereby determines to be necessary and desirable for the security and payment thereof. The provisions, covenants and agreements herein set forth to be performed on behalf of the State shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of

equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in the Resolution.

Section 2.03 Authorization of Bonds. There is hereby established and created an authorization to issue Bonds of the State to be known and designated as “State of Connecticut State Revolving Fund General Revenue Bonds”, which Bonds may be issued as hereinafter provided without limitation as to amount except as provided in this Resolution or as may be limited by law. There is hereby created by this Resolution, in the manner and to the extent provided herein, a continuing obligation and pledge and lien to secure the full and final payment of the principal or Redemption Price of, interest on and any Sinking Fund Installment for, all of the Bonds issued pursuant to this Resolution. The Bonds shall be special obligations of the State payable from Available Moneys and the Pledged Borrower Obligations, if any, and shall not be payable from nor charged upon any funds other than revenues or other receipts, funds or moneys pledged therefor as provided in the State Act, the Resolution or any Supplemental Resolution. The issuance of Bonds shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the State or of any political subdivision thereof, except the property mortgaged or otherwise encumbered under the provisions of the State Act. The Bonds shall contain on the face thereof a statement to the effect that the Bonds are special obligations of the State and the State is obligated to pay the principal or Redemption Price, if any, of the Bonds and the interest thereon only from Available Moneys and the Pledged Borrower Obligations, if any, and that the State is not obligated to pay such principal or Redemption Price, if any, or interest thereon from any other funds of the State and that neither the faith and credit nor the taxing power of the State or any Borrower thereof is pledged to the payment of the principal or Redemption Price, if any, of, or the interest on, the Bonds.

Section 2.04 Authorization for Bonds in Series

(A) The issuance of the Bonds shall be authorized by one or more Supplemental Resolutions of the State adopted concurrently herewith or subsequent hereto and the Bonds may be issued in one or more Series. The Bonds of each Series shall, in addition to the title “State of Connecticut State Revolving Fund General Revenue Bonds,” contain such further appropriate particular designations added to such appropriate Series designation as the State may determine in such Supplemental Resolution.

(B) Each Supplemental Resolution authorizing the issuance of a Series of Bonds shall include a determination by the State to the effect that the principal amount of such Series of Bonds is necessary to provide sufficient funds to be used and expended for the Program and shall also specify and determine:

- (1) The authorized principal amount of such Series of Bonds;
- (2) The purposes for which such Series of Bonds are being issued, which shall be to provide for one or more of the following:

(i) making Loans to Borrowers for Projects eligible for financing under the Acts,

(ii) Other Financial Assistance,

(iii) amounts, if any, required to be paid into the Support Fund in order to establish the Support Fund to an amount at least equal to the applicable Support Requirement or such larger amount as the State shall determine to deposit therein,

(iv) the payment of Notes authorized to be issued pursuant to **Section 2.08** and to be paid with proceeds of such Bonds,

(v) for the redemption of Bonds and related purposes as provided in and under the conditions and subject to the provisions and limitations of **Section 6.06**, and

(vi) the refunding of Bonds and Outstanding Obligations issued to finance Loans to Borrowers or to provide Other Financial Assistance in furtherance of the purposes of the Acts;

(3) The date or dates of issue, maturity date or dates and amounts of each maturity of the Bonds of such Series;

(4) The title and designation of, and manner of numbering and lettering, such Bonds;

(5) The interest rate or rates borne by, or the manner of determining such rate or rates of the Bonds of such Series, and the Payment Dates of such Bonds;

(6) The denomination or denominations of and the manner of numbering and lettering the Bonds of such Series, provided that each Bond shall be in the denomination of \$5,000 or an integral multiple thereof, or any other denomination as may be specified in the applicable Supplemental Resolution, not exceeding the aggregate principal amount of the Bonds of such Series maturing in the year of maturity of the Bond for which the denomination is to be specified;

(7) The Paying Agent or Paying Agents and, subject to the provisions of **Section 8.02**, the place or places of payment of the principal or Redemption Price, if any, of and the place and manner of payment of interest on the Bonds of such Series; provided, however, that such Paying Agent or Paying Agents may be appointed by resolution of the State adopted prior to authentication and delivery of such Series of Bonds in accordance with the provisions of **Section 8.02**;

(8) The Redemption Price or Redemption Prices and redemption date or redemption dates, if any, and, subject to **Article VI**, other redemption terms, if any, for the Bonds or any such Bonds;

(9) The amount and due date of each Sinking Fund Installment, if any, for Bonds of such Series;

(10) The form or forms of the Bonds of such Series and of the Trustee's certificate of authentication;

(11) The manner of execution of the Bonds of such Series;

(12) The manner in which Bonds of such Series are to be sold and provisions for sale thereof;

(13) Any credit support, interest rate exchange agreement or other contract or agreement which may be pledged to one or more Series of Bonds under such Supplemental Resolution;

(14) The manner of registration applicable to such Series of Bonds, which may be book-entry-only with the Securities Depository as set forth in **Section 3.09**, fully certificated Bonds, or any combination of the foregoing; and

(15) Any other provisions deemed advisable by the State, not in conflict with the provisions of this Resolution.

All Bonds of each Series of like maturity shall be identical in all respects, except as to date, denominations, numbers and letters.

Section 2.05 Issuance and Delivery of Bonds. After their authorization by a Supplemental Resolution, Bonds of a Series may be executed by or on behalf of the State and delivered to the Trustee for authentication and upon compliance by the State with the requirements, if any, set forth in such Supplemental Resolution and with the requirements of **Section 2.06**, the Trustee shall thereupon authenticate and deliver such Bonds to or upon the order of the State.

Section 2.06 Conditions Precedent to Authentication and Delivery of Bonds. Except as provided in **Sections 3.06, 3.07** and **3.08**, the Trustee shall authenticate and deliver to or upon the order of the State, any Bonds authorized pursuant to this Resolution and a Supplemental Resolution upon the receipt by the Trustee of:

(A) A Counsel's Opinion dated as of the date of such delivery to the Trustee to the effect that (1) the Resolution and the Supplemental Resolution have been duly and lawfully adopted by the State, are in full force and effect and are valid and binding upon the State and enforceable in accordance with their respective terms, and no other authorization for the Resolution or the Supplemental Resolution is required; (2) the Resolution creates the valid pledge, if any, which it purports to create of the Pledged Borrower Obligations, moneys, securities and funds held or set aside or to be held or set aside under the Resolution, subject to the application thereof to the purposes and on the conditions permitted by the Resolution; and (3) the Bonds of such Series are valid, binding and special obligations of the State as provided in the Resolution, payable and enforceable in accordance with their terms and the terms of the Resolution and entitled to

the benefits of the Resolution and of the State Act, and such Bonds have been duly and validly authorized and issued in accordance with law, including the State Act as amended to the date of such Counsel's Opinion, and in accordance with the Resolution;

(B) A written order as to the delivery of such Bonds, signed by an Authorized Officer;

(C) A copy of the Resolution and the Supplemental Resolution authorizing such Bonds, certified by an Authorized Officer;

(D) A certificate of an Authorized Officer stating that the State is not in default in the payment of debt service on Bonds or payments with respect to Other Financial Assistance or Related Program Obligations;

(E) A certificate of an Authorized Officer stating that upon the delivery date of such Series of Bonds, there shall be on deposit in the Support Fund, the Support Requirement, if any, with respect to such Series of Bonds; and

(F) Such further documents, moneys and securities as are required by the provisions of this **Section 2.06, Section 2.07, Article X** and any applicable Supplemental Resolution.

Section 2.07 Bond Anticipation Notes.

Whenever the State shall authorize the issuance of a Series of Bonds, the State Treasurer shall be hereby authorized to issue Notes (and renewals thereof) in anticipation of such Series. The principal of and interest on such Notes and renewals thereof shall be payable solely from the proceeds of such Notes or renewals thereof or from the proceeds of the sale of the Series of Bonds in anticipation of which such Notes are issued. The proceeds of such Bonds may be pledged for the payment of the principal of and interest on such Notes and any such pledge shall have a priority over any other pledge of such proceeds created by this Resolution. Unless otherwise provided in a Supplemental Resolution, Notes shall not be secured by the Support Fund or any fund or account established under this Resolution. A copy of the Resolution of the State authorizing such Series of Bonds, certified by an Authorized Officer, shall be delivered to the Trustee following its adoption, together with such other information concerning such Notes as the Trustee may reasonably request.

Section 2.08 Ability to Issue Other Obligations.

The State expressly reserves the right to adopt one or more other general bond resolutions and reserves the right to issue notes and any other obligations so long as the same do not have an equal or prior charge or lien on the Pledged Borrower Obligations, if any or on any Funds pledged hereunder.

Section 2.09 Other Financial Assistance.

In connection with the issuance of any Series of Bonds hereunder, the State may provide or cause to be provided, Other Financial Assistance with respect to payment of obligations due

under this Resolution, all as shall be provided for in the applicable Supplemental Resolution. The repayment of any Other Financial Assistance may be paid from the Debt Service Fund and shall be paid on a parity or subordinate basis with the payment of the Bonds, all as set forth in the applicable Supplemental Resolution.

Section 2.10 Related Program Obligations.

In connection with the furtherance of the Program, the State has entered into and may, in the future, enter into Related Program Obligations. The repayment of any Related Program Obligations may be paid from the Debt Service Fund and shall be paid on a parity or subordinate basis with the payment of the Bonds, all as set forth in the applicable Supplemental Resolution.

ARTICLE III.

GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.01 Medium of Payment; Form and Date. Unless otherwise determined by a Supplemental Resolution, each Bond shall be payable at the principal corporate trust office of the Trustee and any Paying Agent appointed or provided for such Bond, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest on Bonds of each Series shall be payable, in the manner provided in the Supplemental Resolution authorizing the issuance of such Series, to the person in whose name such Bonds are registered, as shown on the registry books of the State maintained by the Trustee, at the close of business on the Record Date.

Unless otherwise determined by a Supplemental Resolution, Bonds of each Series shall be issued in the form of fully registered bonds without coupons payable to a named person or registered assigns. The State may provide in any applicable Supplemental Resolution for the issuance of one or more Series of Bonds in book-entry form, pursuant to **Section 3.09**, together with such modifications to this Resolution as are necessary or appropriate for such Series of Bonds.

Unless otherwise determined by a Supplemental Resolution, Bonds of each Series issued prior to the first Payment Date thereof shall be dated as of the date specified in the Supplemental Resolution authorizing the issuance thereof. Bonds issued in exchange for, replacement of or upon the registration or transfer of Bonds on or subsequent to the first Payment Date thereof shall be dated as of the interest payment date next preceding the date of issuance in exchange, replacement or transfer, except that if such date of issuance shall be a Payment Date, they shall be dated as of such date of issuance; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds of any Series shall be in default, the Bonds of such Series issued in lieu of Bonds surrendered for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered. Bonds of each Series shall bear interest from their date.

For all purposes of the State Act relating to or dealing with the date of the Bonds, registered Bonds of any Series shall be deemed to be dated as of the date specified for the Bonds

of such Series in this Resolution and the Supplemental Resolution authorizing the issuance thereof.

Unless otherwise determined by a Supplemental Resolution, all Bonds of each Series shall mature on January 1 and July 1 of each year in which a maturity is fixed by a Supplemental Resolution. Interest on all Bonds of each Series shall be payable on the Payment Dates established or determined pursuant to this Resolution and any applicable Supplemental Resolution.

Section 3.02 Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Resolution as may be necessary or desirable to comply with custom, or otherwise, as may be determined by the State prior to the delivery thereof to the Bondholder.

Section 3.03 Execution and Authentication. The Bonds shall be executed in the name of the State by the manual or facsimile signature of the Governor, the Treasurer or Deputy Treasurer and the Comptroller and the seal of the State (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced by or on behalf of the Secretary of State of the State. In case any person who shall have signed, registered, attested, authenticated or sealed any of the Bonds shall die or cease to be the person authorized to sign, register, attest, authenticate or seal the Bonds before the Bonds signed, registered, attested, authenticated or sealed, as the case may be, by him shall have been actually authenticated and delivered by the Trustee, such Bonds shall, nevertheless, be valid, and may be issued as if the persons who signed, registered, attested, authenticated or sealed such Bonds had not died or ceased to be such authorized person. Any Bond of a Series may be signed and sealed on behalf of the State by such persons as at the actual time of the execution of such Bond shall be duly authorized, or hold the proper office in, or employment by, the State, although at the date of the Bonds of such Series such persons may not have been so authorized or have held such office or employment.

The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in the Supplemental Resolution authorizing such Bonds, executed manually by the Trustee. Only such Bonds as shall bear thereon such, certificate of authentication shall be entitled to any right or benefit under the Resolution and no Bond shall be valid or become obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the State shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under the Resolution and that the Holder thereof is entitled to the benefits of the Resolution.

Section 3.04 Interchangeability of Bonds. Bonds, upon surrender thereof at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series and maturity of any other authorized denominations.

Section 3.05 Negotiability, Transfer and Registry. All the Bonds issued under this Resolution shall be negotiable as provided in the State Act, subject to the provisions of registration and transfer contained in this Resolution and in the Bonds.

Each Bond shall be transferable only upon the books of the State, which shall be kept for that purpose at the corporate trust office of the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Bond, the State shall issue in the name of the transferee a new Bond of the same aggregate principal amount and Series and maturity as the surrendered Bond.

The State and the Trustee may deem and treat the person in whose name any Outstanding Bond shall be registered upon the registration books of the State as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the State nor the Trustee shall be affected by any notice to the contrary. The State agrees to indemnify and save the Trustee harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such registered owner.

Section 3.06 Regulations with Respect to Exchanges Transfers. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the State shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the State or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Resolution, the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the State or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) shall be paid by the State. The State shall not be obliged to make any such exchange or transfer of Bonds of any Series during the ten (10) days next preceding an Payment Date on the Bonds of such Series or, in the case of any proposed redemption of Bonds of such Series, next preceding the date of the selection of Bonds to be redeemed.

Section 3.07 Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the State shall execute and the Trustee shall authenticate and deliver a new Bond of like Series, maturity and principal amount as the Bond so mutilated, destroyed, stolen or lost, (a) with respect to a mutilated Bond, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or (b) with respect to a Bond destroyed, stolen or lost, in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the State evidence satisfactory to the State and the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the State and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the State and the Trustee may prescribe and paying such expenses as the State and the Trustee may incur in connection therewith. All Bonds so

surrendered to the Trustee shall be cancelled by it and evidence of such cancellation shall be given to the State.

Section 3.08 Preparation of Definitive Bonds; Temporary Bonds. Until the definitive Bonds of any Series are prepared, the State may execute, in the same manner as is provided in **Section 3.03**, and upon the request of the State, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds except as to the denominations thereof and as to interchangeability and registration of Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations of \$5,000 or any multiples thereof authorized by the State, or in any other denomination specified in the applicable Supplemental Resolution, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The State at its own expense shall prepare and execute and, upon the surrender at the corporate trust office of the Trustee of such temporary Bonds the Trustee shall authenticate and, without charge to the Holder thereof, deliver in exchange therefor definitive Bonds of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Resolution.

All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee.

Section 3.09 Security Depository.

(A) The State may designate a Securities Depository to be the registered owner of all or any Series of Bonds. The State hereby appoints The Depository Trust Company (“**DTC**”) as the Securities Depository.

(B) Any Securities Depository may at any time resign or be discharged. Upon the resignation or discharge of the Securities Depository, the State and the Trustee will make arrangements to provide certificated Bonds to the beneficial owners of such Bonds as of the date of resignation or discharge or such earlier date as is practicable, in any case as determined on the records of the Securities Depository. The Trustee and the State shall have no responsibility for errors, negligence or malfeasance of the Securities Depository.

(C) As long as there shall be a Securities Depository for a Series of Bonds, all Bonds of such Series shall be registered on the registration books of the State in a name or names designated by such Securities Depository, who shall for all purposes of this Resolution be the registered owner of such Bonds. As long as there shall be a Securities Depository with respect to a Series of Bonds, with respect to such Bonds:

(1) All payments of interest, principal, redemption price and purchase price made by the Trustee shall be delivered only to the registered owner.

(2) All notices delivered by the State or the Trustee pursuant to this Resolution shall be delivered only to the registered owner.

(3) All rights of Bondholders under this Resolution, including without limitation voting rights, rights to approve, waive, or consent, rights to transfer and exchange Bonds, and rights to tender Bonds and elect not to tender Bonds shall be rights of the registered owner.

(D) The State and the Trustee shall not be liable or responsible because of a failure by the Securities Depository to perform any act, discharge any duties, execute any tenders or make any payments, in each case with respect to the beneficial owners, except to the extent the State or the Trustee as applicable, is liable or responsible under this Resolution to the registered owner.

ARTICLE IV.

APPLICATION OF BOND PROCEEDS

Section 4.01 Application of Bond Proceeds. All proceeds of Bonds of any Series, upon their issuance, sale and delivery, shall be deposited in certain funds and accounts in accordance with the provisions of the Supplemental Resolution authorizing the issuance of the Bonds of such Series and shall be applied solely for the purposes for which amounts in such funds and accounts may be applied in accordance with the provisions of the Resolution.

ARTICLE V.

ESTABLISHMENT OF FUNDS AND ACCOUNTS, AND APPLICATION THEREOF

Section 5.01 Available Moneys. The State is hereby obligated to pay from Available Moneys in the Revolving Fund in accordance with the terms and provisions of this Resolution, the principal of, Redemption Price of, interest on, and Sinking Fund Installments for, the Bonds and any Other Financial Assistance and any Related Program Obligations, subject only to the provisions of this Resolution permitting or further limiting the application thereof for the purposes and on the terms and conditions set forth in this Resolution. This obligation shall be valid and binding from and after the date of adoption of this Resolution.

Section 5.02 Pledge. With respect to all Bonds and any Other Financial Assistance and any Related Program Obligations, the Pledged Fund, the Bond Proceeds Fund, the Debt Service Fund and the Support Fund, the investments thereof and the proceeds of such investments, if any, are hereby pledged for the payment thereof in accordance with the terms and provisions of this Resolution, subject only to the provisions of this Resolution permitting or further limiting the application thereof for the purposes and on the terms and conditions set forth in this Resolution. In addition, the Pledged Borrower Obligations, if any, shall be pledged to the extent provided in one or more Supplemental Resolutions. This pledge shall be valid and binding from and after the date of adoption of this Resolution, and the Pledged Borrower Obligations, if any, and all other moneys and securities in the funds and accounts established by this Resolution hereby pledged shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and such lien shall be a just lien and shall be valid and binding as against

all parties having claims of any kind in tort, contract or otherwise against the State, irrespective of whether such parties have notice thereof.

Section 5.03 Revolving Fund.

(A) The State shall maintain the Revolving Fund in accordance with the requirements of the Acts. The State may apply Available Moneys for any purposes allowed under the Acts, including, without limitation, to make loans to Borrowers and payment of debt service on Outstanding Obligations.

(B) Not later than one Business Day prior to any Payment Date, the State shall transfer to the Debt Service Fund any amounts necessary, together with any amounts on deposit therein, sufficient to pay the amounts coming due on such Payment Date consisting of: (1) principal of, redemption, if any, and interest on Bonds and (2) any other amounts payable from the Debt Service Fund related to Other Financial Assistance and Related Program Obligations.

Section 5.04 Establishment of Funds and Accounts.

(A) The following special trust funds are hereby established and shall be maintained pursuant to the provisions of this Resolution:

- (1) Pledged Fund, which shall be held within the Revolving Fund;
- (2) Bond Proceeds Fund, which shall be held within the Revolving Fund;
- (3) Debt Service Fund, which shall be held within the Revolving Fund;
- (4) Support Fund, which shall be held within the Revolving Fund; and
- (5) Rebate Fund.

(B) The State may direct the Trustee to further establish within this Resolution certain other special funds and accounts as the State deems necessary and proper.

(C) In connection with the issuance of a Series of Bonds, the State may establish accounts and subaccounts within the funds and accounts established by this Resolution.

(D) Each of the above funds and accounts shall be held and maintained by the Trustee pursuant to the provisions of the Resolution except for the Bond Proceeds Fund which shall be held and maintained by the State pursuant to the provisions of the Resolution.

Section 5.05 Pledged Fund.

(A) If so provided in a Supplemental Resolution, the Trustee shall establish within the Pledged Fund a Series Pledged Account, and such Supplemental Resolution shall identify the Borrower Obligations which shall constitute the “Pledged Borrower Obligations” with respect to such Supplemental Resolution, and shall provide for the application of the Pledged Receipts and any Earnings thereon.

(B) At the end of each Fiscal Year the State shall determine the amount of Earnings on the Pledged Fund required to be rebated to the United States for such Fiscal Year and shall direct the Trustee in a certificate of an Authorized Officer to deposit such amounts to the Rebate Fund from any available funds on deposit in the Pledged Fund.

Section 5.06 Bond Proceeds Fund.

(A) There shall be deposited into the Bond Proceeds Fund the amount of the proceeds of the Bonds of any Series required to be deposited therein as shall be specified and determined by the Supplemental Resolution authorizing such Series of Bonds in accordance with and subject to **Article IV**.

(B) Moneys in the Bond Proceeds Fund shall be expended only for the Program, subject to the provisions and restrictions of this Resolution.

(C) Except as may be limited by the purposes for which a Series of Bonds is issued as set forth in a Supplemental Resolution authorizing such Series of Bonds, amounts in the Bond Proceeds Fund shall be expended and applied by the State from time to time to make payments:

- (1) for financing Loans to Borrowers under the Program;
- (2) for paying costs related to Other Financial Assistance;
- (3) to the extent that other moneys are not available, payments due to be made from the Debt Service Fund, when due, and thereafter; and
- (4) to redeem Bonds, at the direction of the State.

(D) Upon deposit of the proceeds of the Bonds of a Series, the State may invest and reinvest in Investment Obligations the moneys in such Fund so that the maturity date or date of redemption at the option of the Holder of such obligations shall coincide as nearly as practicable with the times at which moneys are needed by the State to be so expended. The obligations purchased shall be held by the State and shall be deemed at all times to be part of the Bond Proceeds Fund. The State shall sell at the best price obtainable, or present for redemption, any Investment Obligations whenever it shall be necessary in order to provide moneys to meet any payment from the Bond Proceeds Fund.

(E) Promptly upon receipt thereof by the Trustee, any interest earned or gains realized by the investment of moneys held in the Bond Proceeds Fund for the preceding

calendar month shall be retained therein or, at the direction of the State, transferred to the Debt Service Fund.

Section 5.07 Debt Service Fund.

(A) The Trustee or the State, as applicable, shall promptly deposit, or cause to be deposited, the following amounts in the Debt Service Fund:

(1) Unless provided otherwise in the applicable Supplemental Resolution, any accrued interest received as proceeds of a Series of Bonds.

(2) Unless provided otherwise in the applicable Supplemental Resolution, any capitalized interest received by the State with respect to a Series of Bonds.

(3) Any amounts required to be transferred to the Debt Service Fund, from the Support Fund, as set forth in the applicable Supplemental Resolution.

(4) All amounts required to be transferred to the Debt Service Fund from the Bond Proceeds Fund pursuant to **Section 5.06**.

(5) All amounts required to be transferred to the Debt Service Fund from the Revolving Fund pursuant to **Section 5.03**.

(B) The Trustee shall pay out of the Debt Service Fund to the Paying Agents for any of such Bonds, (i) on each Payment Date, the amount required for the payment of principal of, Sinking Installments for and interest on such Bonds due on such Payment Date, (ii) on each Payment Date, the amount required for the payment of amounts due on Other Financial Assistance and Related Program Obligations, and (iii) on any redemption date, the amount required for the payment of accrued interest on such Bonds redeemed unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied by the Paying Agents to such payment.

(C) The amount, if any, accumulated in the Debt Service Fund for each sinking fund redemption may be applied, at the direction of the State, (together with amounts accumulated for the interest with respect to interest on the Bonds subject to sinking fund redemption) by the Trustee prior to the forty-fifth (45th) day preceding the sinking fund redemption date to:

(1) the purchase of Bonds of the Series and maturity as such Bonds subject to such sinking fund redemption, at prices (including any brokerage and other charges) not exceeding the Redemption Price payable for such Bonds pursuant to such sinking fund redemption plus unpaid interest accrued to the date of purchase, such purchases to be made by the Trustee as directed by the State in writing by an Authorized Officer; or

(2) the redemption, pursuant to Article VI of such Bonds if then redeemable by their terms, at the Redemption Price referred to in paragraph (1) above.

Upon any purchase or redemption of Bonds of any Series and maturity, under this subsection, for which Sinking Fund Installments shall have been established, an amount equal to the applicable Redemption Prices thereof shall be credited toward any one or more of such Sinking Fund Installments, as directed by the State in an Authorized Officer's certificate, or, failing such direction by November 1, of each year, toward such Sinking Fund Installments in inverse order of their due dates. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of the calculation of principal due on a future date.

(D) As soon as practicable after the 45th day preceding the date of any such sinking fund redemption, the Trustee shall proceed pursuant to **Article VI** to call for redemption on such redemption date Bonds of the Series and maturity for which such sinking fund redemption was established in such amount as shall be necessary to complete the retirement of the principal amount, specified for such sinking fund redemption. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Debt Service Fund sufficient to pay the applicable Redemption Price thereof and to pay interest thereon to the redemption date. The Trustee shall pay out of the Debt Service Fund to the appropriate Paying Agents, on each such redemption date, the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

(E) Any interest earned or gains realized by the investments of moneys held in the Debt Service Fund shall be retained therein and applied on the next Payment Date to payments due.

Section 5.08 Support Fund. (A) The Support Fund, and the accounts therein, shall be funded in the amounts and in the manner set forth in a Supplemental Resolution, which amounts may be amended from time to time by direction of an Authorized Officer by the filing of a written certificate with the Trustee reflecting such amendment.

(B) Moneys in the Support Fund shall be transferred to the Debt Service Fund and applied to pay the interest, principal and Sinking Fund Installments and Redemption Price due on Bonds in accordance with the schedule set forth in the applicable Supplemental Resolution, which schedule may be amended from time to time by direction of an Authorized Officer by the filing of a written certificate with the Trustee reflecting such amendment.

Section 5.09 Rebate Fund.

(A) The State shall transfer to the Trustee for deposit in the Rebate Fund the amount calculated by the State to be owing to the United States pursuant to the Tax Regulatory Agreement.

(B) The Trustee, upon receipt of written instructions from an Authorized Officer, shall pay to the United States out of amounts in the Rebate Fund such amounts as are required pursuant to the Tax Regulatory Agreement.

(C) Any moneys remaining in the Rebate Fund after payment to the United States shall be transferred to the Revolving Fund.

Section 5.10 Disposition of Bonds Upon of Payment. All Bonds paid and redeemed, or purchase by the Trustee, under the provisions of this Resolution, either at or before maturity, shall be cancelled when such payment, redemption or purchase is made, and such Bonds unless then held by the Trustee, shall be delivered to the Trustee. All cancelled Bonds shall be cremated or otherwise destroyed by the Trustee.

Section 5.11 Trustee's Maintenance of Records on Payment of Bonds. In connection with the payment, redemption or purchase of all Bonds under the provisions of this Resolution, the Trustee shall keep accurate records of the source of the moneys used to pay, redeem or purchase such Bonds.

ARTICLE VI.

REDEMPTION OF BONDS

Section 6.01 Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity pursuant to the provisions of a Supplemental Resolution shall be redeemable, upon notice as provided in **Section 6.06**, at such times, at such Redemption Prices and upon such terms (in addition to and consistent with the terms contained in this **Article VI**) as may be specified in the Supplemental Resolution authorizing such Series.

Section 6.02 Redemption at the Election or Direction of the State. In the case of any redemption of Bonds other than as provided in **Section 6.03**, the State shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the Series, of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the State in its sole discretion, subject to any limitations with respect thereto contained in the State Act or this Resolution and any Supplemental Resolution) and of the moneys to be applied to the payment of the Redemption Price. Such notice shall be given at least 60 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given by the Trustee as provided in **Section 6.05**, the Trustee, if it holds the moneys to be applied to the payment of the Redemption Price, or otherwise the State, shall, at least one day prior to the redemption date, pay to the Trustee and the appropriate Paying Agent or Paying Agents an amount in cash which, in addition to other moneys, if any, available therefor held by the Trustee and such Paying Agent or Paying Agents, will be sufficient to pay, on the redemption date at the Redemption Price thereof, together with interest accrued to the redemption date, all of the Bonds to be redeemed. The State shall promptly notify the Trustee in writing of all such payments made by the State to a Paying Agent.

Section 6.03 Redemption Other Than at State's Election or Direction. Whenever by the terms of this Resolution the Trustee is required to redeem Bonds other than at the election or direction of the State, the Trustee shall, unless otherwise provided in the applicable Supplemental Resolution, select the Bonds to be redeemed, give the notice of redemption and pay the Redemption Price thereof, together with interest accrued to the redemption date, to itself and the appropriate Paying Agents in accordance with the terms of this **Article VI**.

Section 6.04 Selection of Bonds to Be Redeemed. In the event of redemption of less than all of or Outstanding Bonds of like Series and maturity, the Trustee shall select the Bonds to be redeemed in such manner as provided in the Supplemental Resolution applicable to such Bonds. For purposes of this **Section 6.04**, Bonds which have theretofore been selected for redemption shall not be deemed Outstanding.

Section 6.05 Conditional Redemption. If, at the time of mailing of the notice of any optional redemption, there has not been deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, the notice may state that it is conditional on the deposit of the redemption moneys with the escrow agent not later than the redemption date. Such notice will be of no effect and the redemption price for such optional redemption will not be due and payable unless such moneys are so deposited.

Section 6.06 Notice of Redemption. When the Trustee shall receive notice from the State of its election or direction to redeem Bonds pursuant to **Section 6.02**, and when redemption of Bonds is required by this Resolution pursuant to **Section 6.03**, the Trustee shall give notice, in the name of the State, of the redemption of such Bonds, which notice shall specify (A) the Series and maturities of the Bonds to be redeemed, (B) the redemption date and the place or places where amounts due upon such redemption will be payable, (C) if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, (D) in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Notice of redemption of Bonds or any portion thereof shall be given by the Trustee by mailing a copy of such redemption notice by registered or first class mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption (subject to such lesser notice period as may be specified in a Supplemental Resolution) to the Holders of the Bonds which are to be redeemed, at their last addresses appearing on the registration books of the State held by the Trustee. In addition, such notice shall be sent by the Trustee to any rating agency then rating the Bonds to be redeemed and to any institution or other service providing information with respect to called bonds as the state may, at its option, designate in a certificate of an Authorized Officer delivered to the Trustee.

Failure to give any required notice of redemption as to any particular Bonds will not affect the validity of the call for redemption of any Bonds in respect of which no such failure has occurred. Any notice mailed as provided in this **Section 6.06** shall be conclusively presumed to have been duly given, whether or not the registered Holder receives the notice.

Special notice provisions may be established for any Series of Bonds in the Supplemental Resolution authorizing such Series of Bonds.

Section 6.07 Payment of Redeemed Bonds. Notice having been given in the manner provided in **Section 6.06**, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the offices specified in such notice, together with, in the case of Bonds presented by other than the registered owner, a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than all of a registered Bond, the State shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, at the option of the owner thereof, Bonds of like Series and maturity in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the redemption date, shall be held by the Trustee and Paying Agents so as to be available therefor on such date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the Bonds or portions thereof of such Series and maturity so called for redemption shall cease to accrue. If such moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

ARTICLE VII.

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 7.01 Security Deposits. All moneys held hereunder by the Trustee shall, until the Trustee is otherwise notified by the State by facsimile transmission confirmed by a writing signed by an Authorized Officer, be invested by the Trustee in a money market fund registered under the Investment Company Act of 1940, as amended, the portfolio of which is limited to United States government obligations, and which constitutes an Investment Obligation under subsection (F) of the definition of "Investment Obligations". All other moneys held hereunder by the Trustee and not otherwise invested pursuant to **Section 7.02**, shall be continuously and fully secured, for the benefit of the State and the Holders of the Bonds by direct obligations of the State or of the United States of America or obligations the principal and interest of which are guaranteed by the State or the United States of America of a market value equal at all times to the amount of the deposit so held by the Trustee; provided, however, (a) that if the securing of such moneys is not permitted by applicable law or would adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes, then in such other manner as may then be required or permitted by applicable state or Federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, and (b) that it shall not be necessary for the Trustee or any Paying Agent to give security for the deposit of any moneys with them held in trust for the payment of the principal or Redemption Price of, Sinking Fund Installments for or interest on any Bonds, or for the Trustee to give

security for any moneys which shall be represented by obligations purchased under the provisions of this Resolution as an investment of such moneys.

Section 7.02 Investment of Funds and Accounts Held By the Trustee.

(A) Moneys in the funds and accounts established under this Resolution shall be invested either by the State or by the Trustee upon direction of the State by facsimile transmission confirmed by mail in writing, signed by an Authorized Officer (which direction shall specify the amount thereof to be so invested and the State in issuing such direction shall take into consideration the dates and times when moneys in such fund or account will be required for the purposes of this Resolution), to the extent permitted by law, in Investment Obligations. The maturity or redemption date at the option of the holder of any such investment shall coincide as nearly as practicable with the times at which moneys in the funds and accounts established pursuant to the Resolution will be required for the purposes in this Resolution.

(B) Subject to the provisions of the Tax Regulatory Agreement and **Article V**, Investment Obligations purchased with moneys held in or attributable to any fund or account held by the Trustee under the provisions of this Resolution shall be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account unless otherwise provided pursuant to this Resolution.

(C) Except as otherwise provided in this Resolution, the Trustee shall sell, at the direction of the State at the best price obtainable as determined by the State to any purchaser other than the State, or present for redemption or exchange, any Investment Obligation pursuant to this Resolution whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund or account for which such investment was made. The Trustee shall advise the State in writing, on or before the 20th day of each calendar month, of the details of all investments held for the credit of each fund and account in its custody under the provisions of this Resolution as of the end of the preceding month.

Section 7.03 Liability of Trustee for Investments. The Trustee shall not be liable or responsible for the making of any investment authorized by the provisions of this Article, in the manner provided in this Article, or for any loss resulting from any such investment so made.

Section 7.04 Reports. Upon request by the State, the Trustee shall furnish a statement to the State as to the amount on deposit in the funds and accounts established pursuant to this Resolution or any Supplemental Resolution, as to any amounts owed in accordance with any Loan Agreements and as to any restrictions on the application of such amounts.

Section 7.05 Payments Received the State. All amounts received by the State with respect to Pledged Receipts shall be promptly forwarded to the Trustee.

ARTICLE VIII.

THE TRUSTEE AND THE PAYING AGENTS

Section 8.01 Appointment and Acceptance of Duties of Trustee. U.S. Bank National Association, a bank doing business and having its principal office in the City of Hartford, in the State of Connecticut, is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing the certificate of authentication endorsed upon the Bonds, and, by executing such certificate upon any Bond, the Trustee shall be deemed to have accepted such duties and obligations not only with respect to the Bond so authenticated, but with respect to all the Bonds thereafter to be issued, but only, however, upon the terms and conditions set forth in this Resolution.

Section 8.02 Appointment and Acceptance of Duties of Paying Agent. The State shall appoint one or more Paying Agents for the Bonds of any Series in the Supplemental Resolution authorizing such Bonds or shall appoint such Paying Agent or Paying Agents by resolution of the State adopted prior to the authentication and delivery of such Bonds, and may at any time or from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in **Section 8.12** for the appointment of a successor Paying Agent. The Trustee may be appointed to act as Paying Agent notwithstanding that it may then be acting in the capacity of Trustee.

Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by written instrument of acceptance deposited with the State and the Trustee.

Section 8.03 Responsibilities of Trustee and Paying Agents.

(A) The recitals of fact herein and in the Bonds contained shall be taken as the statements of the State and neither the Trustee nor any Paying Agent assumes any responsibility for the correctness of the same. Neither the Trustee nor any Paying Agent shall be deemed to make any representations as to the validity or sufficiency of this Resolution or of any Bonds issued hereunder or in respect to the security afforded by this Resolution, and neither the Trustee nor any Paying Agent shall incur any responsibility in respect thereof. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the State. Neither the Trustee nor any Paying Agent shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless properly indemnified. Neither the Trustee nor any Paying Agent shall be liable in connection with the performance of its duties hereunder except for its own negligence or default. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the application of any moneys paid to any one of the others. The Trustee will not be required to and will make no representations and have no responsibilities as to the accuracy, validity, sufficiency of value or genuineness of any calculations of the State or of any signatures of endorsements other than those of the Trustee and its employees.

(B) As soon as practicable but not later than the 20th day of each month, the Trustee shall submit to the State a written report on the funds and accounts held by it pursuant to this Resolution. Such monthly reports shall be in a form acceptable to the State.

Section 8.04 Evidence on Which Trustee and Paying Agents Act. The Trustee and any Paying Agent shall be protected in acting upon any notice, direction, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee and any Paying Agent may consult with counsel, who may or may not be counsel to the State, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

Whenever the Trustee or any Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Resolution, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Resolution upon the faith thereof, but in its discretion the Trustee or any Paying Agent may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

Except as otherwise expressly provided in this Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the State to the Trustee or any Paying Agent shall be sufficiently executed if executed in the name of the State by an Authorized Officer.

Section 8.05 Compensation. The Trustee shall be entitled to reasonable fees and reimbursement by the State for all expenses, charges, counsel fees and other disbursements reasonably incurred by it in the performance of its duties and powers under this Resolution, including those of its attorneys, agents and employees, and the State shall indemnify the Trustee for, and hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. Each Paying Agent shall also be entitled to reasonable fees and to reimbursement by the State for all expenses and charges reasonably incurred by it in the performance of its duties hereunder.

Section 8.06 Permitted Acts and Functions. The Trustee and any Paying Agent may become the owner of any Bonds, with the same rights it would have if it were not such Trustee or Paying Agent. The Trustee and any Paying Agent may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

Section 8.07 Resignation of Trustee.

(A) The Trustee may at any time resign and be discharged of the duties and obligations created by this Resolution by giving not less than 60 days' written notice to the State, specifying the date when such resignation shall take effect.

(B) Such resignation shall take effect immediately upon the appointment of a successor Trustee pursuant to **Section 8.09(B)** unless previously a successor shall have been appointed, as provided in **Section 8.09(A)**, in which event such resignation shall take effect immediately on the appointment of such successor, if and only if:

(1) such successor Trustee shall have become fully vested with all moneys, estate, properties, rights, powers, duties and obligations of its predecessor Trustee, with like effect as if originally named as Trustee; and

(2) such successor Trustee shall have actually assumed the duties of such office.

(C) If the requirements of subsection (B) above have not been satisfied by the date established as the effective date of the Trustee's resignation, the State and the successor Trustee shall take any and all steps lawful and reasonable, to ensure that such requirements have been met within ten (10) business days of such effective date.

Section 8.08 Removal of Trustee.

(A) The Trustee shall be removed by the State if at any time such removal is so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the State, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the State. The State may remove the Trustee with or without cause, at any time.

(B) Removal of the Trustee shall take effect upon the appointment of a successor Trustee in accordance with **Section 8.09**, if and only if:

(1) such successor Trustee shall have become fully vested with all moneys, estate, properties, rights, powers, duties and obligations of its predecessor Trustee, with like effect as if originally named as Trustee; and

(2) such successor Trustee shall have actually assumed the duties of such office.

(C) If the requirements of subsection (B) above have not been satisfied by the date established as the effective date of the Trustee's removal, the State and the successor Trustee shall take any and all steps lawful and reasonable, to ensure that such requirements have been met within 10 business days of such effective date.

Section 8.09 Appointment of Successor Trustee.

(A) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the State covenants and agrees that it will thereupon appoint a successor Trustee. Written notice shall be mailed to the Bondholders by the successor Trustee within 20 days after such appointment.

(B) If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 45 days after the Trustee shall have given to the State written notice, as provided in **Section 8.07**, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(C) Any Trustee appointed under the provisions of this **Section 8.09** in succession to the Trustee shall be a bank or trust company organized under the laws of any state, or a national banking association, doing business and having its principal office in any state, and having a capital and surplus aggregating at least Fifty Million Dollars (\$50,000,000) if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed on it by this Resolution.

Section 8.10 Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the State, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the State, or of the successor Trustee, execute, acknowledge and deliver such instruments or conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the Trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the State be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the State. Any such successor Trustee shall promptly notify the Paying Agent of its appointment as Trustee.

Section 8.11 Merger, Conversion or Consolidation. Any company into which the Trustee or any Paying Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee or any Paying Agent may sell or transfer all or

substantially all of its corporate trust business, shall be the successor to such Trustee or Paying Agent without the execution or filing of any paper or the performance of any further act, provided with respect to the Trustee that such company shall be a bank or trust company organized under the laws of any state of the United States or the District of Columbia or a national banking association and shall have an office for the transaction of its business in any of such states or the District of Columbia and shall be authorized by law to perform all the duties imposed upon it by this Resolution.

Section 8.12 Resignation or Removal of the Paying Agents and Appointment of Successors.

(A) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least 60 days' written notice to the State and Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of the State. Any successor Paying Agent shall be appointed by the State and (subject to the requirements of **Section 8.03**) shall be a bank and trust company organized under the laws of any state of the United States of America or a national banking association, having a capital and surplus aggregating at least \$50,000,000 and willing and able to accept the office of Paying Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

(B) The resignation or removal of a Paying Agent shall take effect upon the appointment of a successor Paying Agent if and only if such successor Paying Agent shall have actually assumed the duties of such office. If the requirements of the preceding sentence have not been satisfied by the date established as the effective date of the Paying Agent's resignation or removal, the State and the successor Paying Agent shall take any and all steps lawful and reasonable, to ensure that such requirements have been met within 10 business days of such effective date.

(C) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it to its successor, or if there be no successor then appointed, to the Trustee until such successor be appointed. In the event that for any reason there shall be a vacancy in the office of Paying Agent, the Trustee shall act as such Paying Agent.

ARTICLE IX.

COVENANTS OF THE STATE

The State covenants and agrees with the Holders of the Bonds as follows:

Section 9.01 Payment of Bonds. The State shall apply any Available Moneys to the payment, when due, of the principal or Redemption Price, if any, Sinking Fund Installment of every Bond and the interest thereon and payments due under any Other Financial Assistance or any Related Program Obligations. The State shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, or Sinking Fund Installment of every Bond and the

interest thereon, but only from Available Moneys and Pledged Borrower Obligations, if any, and other revenues or receipts, funds or moneys pledged therefor as provided in the State Act and this Resolution, at the dates and places and in the manner provided in the Bonds according to the true intent and meaning thereof.

Section 9.02 Further Assurances.. At any and all times the State shall, so far as it may be authorized or permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning, confirming and effecting all and singular the rights, the Pledged Borrower Obligations, if any, and other moneys, securities, funds and property hereby pledged or assigned, or intended so to be, or which the State may hereafter become bound to pledge or assign.

Section 9.03 Power to Issue Bonds and Make Pledges.. The State is duly authorized pursuant to law to authorize and issue the Bonds, to adopt this Resolution, to contract to apply Available Moneys, to pledge the Pledged Borrower Obligations, if any, and to pledge other moneys, securities, funds and property purported to be pledged by this Resolution, all in the manner and to the extent provided in this Resolution. The Pledged Borrower Obligations, if any, and other moneys, securities, funds and property so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by this Resolution, and all action on the part of the State to that end has been duly and validly taken. The Bonds and the provisions of this Resolution are and will be the valid and legally enforceable obligations of the State in accordance with their terms and the terms of this Resolution. The State shall at all times, to the extent permitted by law, defend, preserve and protect the obligation to apply Available Moneys, to pledge the Pledged Borrower Obligations, if any, and to pledge other moneys, securities, funds and property pledged under this Resolution and all the rights of the Bondholders under this Resolution against all claims and demands of all persons whomsoever.

Section 9.04 General.

(A) The State shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the State under law and the Resolution in accordance with the terms of such provisions.

(B) Upon the date of issuance of any of the Bonds, all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds shall exist, have happened and have been performed and the issue of such Bonds, together with all other indebtedness of the State, shall be within every debt and other limit prescribed by the laws of the State.

(C) So long as any Bonds are Outstanding, the State shall maintain an administrative fund for the payment of the State's expenses of carrying out and administering its powers, duties and functions that are allocable to the Program.

(D) The State covenants with the Bondholders that it will not issue any additional obligations under its Clean Water Fund Revenue Bond Program General Bond

Resolution, adopted on December 7, 1990 or its Clean Water Fund Revenue Bond Program Subordinate General Bond Resolution, Adopted February 23, 1996.

Section 9.05 Accounts and Reports.

(A) The State shall keep, or cause to be kept, proper books of record and account in which complete and correct entries shall be made of its transactions relating to all Pledged Borrower Obligations, Pledged Receipts and all funds and accounts established by this Resolution.

(B) The State shall annually, on or before the last day of December in each year, file with the Trustee a copy of an annual report for the preceding Fiscal Year with respect to the Program, accompanied by an Accountant's Certificate, setting forth in complete and reasonable detail: (1) its operations and accomplishments; (2) its receipts and expenditures during such Fiscal Year in accordance with the categories or classifications established by the State for its operating and capital outlay purposes; (3) its assets and liabilities at the end of such Fiscal Year, including a schedule of its Borrower Obligations, Pledged Borrower Obligations, Pledged Receipts, a list of Borrowers in default status and the status of reserve, special or other funds and the funds and accounts established by this Resolution; and (4) a schedule of its Bonds Outstanding and other obligations outstanding at the end of such Fiscal Year, together with a statement of the amounts paid, redeemed and issued during such Fiscal Year.

Section 9.06 Personnel and Servicing of the Program.

(A) The State shall at all times appoint, retain and employ competent personnel for the purpose of carrying out its Program and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges all persons employed by the State shall be qualified for their respective positions.

Section 9.07 Loan Agreement Provisions.. No Loan shall be made by the State from the proceeds of the sale of Bonds, and no Bonds shall be issued by the State for the purpose of providing funds with which to make a Loan, unless the Loan Agreement under which such Loan is to be made shall comply with, and no Bonds shall be issued by the State to refund Bonds unless the Loan Agreement under which the Loan was made from the proceeds of such Bonds, shall also comply with, the following terms, conditions, provisions and limitations:

(A) The Borrower which is a party to such Loan Agreement must be a Borrower eligible under the Acts and the Loan Agreement must be executed in accordance with existing laws;

(B) The Borrower, prior to or simultaneously with the initial disbursement by the State of any moneys with respect to a Loan to the Borrower, shall issue Borrower Obligations which are valid obligations of the Borrower as required by the State Act; and

(C) The Borrower shall be obligated to make the payments due | as set forth in the Loan Agreement.

Section 9.08 Pledge of Pledged Borrower Obligations. To secure the payment of the principal or Redemption Price of, interest on and Sinking Fund Installments for one or more Series of Bonds or the payments due under any Other Financial Assistance or any Related Program Obligations, the State may pledge and assign to the Trustee for the benefit of the Holders of such Bonds, pursuant to a Supplemental Resolution, certain Borrower Obligations, which shall then constitute Pledged Borrower Obligations and payments due thereunder shall constitute Pledged Receipts, and such other security as may be pledged pursuant to any Supplemental Resolution, subject only to the provisions of this Resolution.

Section 9.09 Federal Tax Covenant.

(A) The State shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid on the Bonds shall, for the purposes of Federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation.

(B) At no time shall any of the proceeds of the Bonds or other funds of the State be used, directly or indirectly, to acquire any security, asset or obligation or other investment-type property the acquisition or holding of which would cause any Bond or Note to be an “arbitrage bond” for the purposes of Section 148 of the Code, and in furtherance thereof, to comply with the Tax Regulatory Agreement. If and to the extent required by the Code, the State shall periodically, at such times as may be required to comply with the Code, pay the amount, if any, required by the Code to be rebated or paid as a related penalty.

(C) The covenants set forth in this **Section 9.09** shall survive payment or defeasance of the Bonds.

(D) Notwithstanding the foregoing, the State hereby reserves the right to elect to issue Bonds the interest on which is not exempt from Federal income taxation, if such election is made prior to the issuance of such Bonds, and the covenants contained in this Section shall not apply to such Bonds.

Section 9.10 State Tax Covenant. The State hereby covenants with the purchasers and all subsequent Holders and transferees of any Bonds, in consideration of the acceptance and payment for the Bonds, that the Bonds shall be at all times free from taxes levied by any Borrower or political subdivision or special district having taxing powers of the State and the principal of and interest on any Bonds issued under the State Act, their transfer and the income therefrom, including revenues deemed from the sale thereof, shall at all times be free from taxation of every kind by the State or under its authority except for estate or succession taxes.

Section 9.11 Agreement of the State. The State does hereby pledge to and agree with the Bondholders and any holders of Other Financial Assistance or Related Program Obligations that the State will not limit or alter the rights vested by the State Act in the State to fulfill the terms of any agreements made with Bondholders or in any way impair the rights and remedies of the Bondholders until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding

by or on behalf of the Bondholders, are fully met and discharged, provided nothing herein contained shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the Bondholders.

Section 9.12 Payment of Bonds. In order to provide sufficient moneys with which to pay the principal and interest when due and payable on its Bonds and any payments on Other Financial Assistance or Related Program Obligations when due, the State shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Acts as interpreted in regulations adopted by the United States Environmental Protection Agency and the State Department of Environmental Protection and in effect, or other applicable regulations, and with the provisions of the Resolution, use and apply the proceeds of the Bonds to finance Loans and to provide Other Financial Assistance pursuant to the Acts and the Resolution, to generate Available Moneys and Pledged Borrower Obligations at least equal to the sum of the principal and interest on the Bonds and the payments due on any Other Financial Assistance or Related Program Obligations, and to take all steps, actions and proceedings for the enforcement of all terms, covenants and conditions of the Loans.

Section 9.13 Deposit of Pledged Receipts. The State shall promptly transfer to the Trustee for deposit in the Pledged Fund hereunder or pursuant to any Supplemental Resolution, any Pledged Receipts received by it pursuant to Pledged Borrower Obligations which have been pledged pursuant to any Supplemental Resolution.

ARTICLE X.

SUPPLEMENTAL RESOLUTIONS

Section 10.01 Modification and Amendment Without Consent. Notwithstanding any other provisions of this **Article X**, or **Article XI**, the State may adopt at any time or from time to time Supplemental Resolutions for any one or more of the following purposes, and any such Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer:

(A) To provide for the issuance of a Series of Bonds pursuant to the provisions of this Resolution and to specify and determine such matters and things referred to in Article II of this Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

(B) To add additional covenants and agreements of the State for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the State contained in this Resolution;

(C) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the State which are not contrary to or inconsistent with the limitation and restrictions thereon theretofore in effect;

(D) To surrender any right, power or privilege reserved to or conferred upon the State by the terms of this Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the State contained in this Resolution;

(E) To confirm as further assurance any pledge under and the subjection to any lien, claim or pledge created or to be created by the provisions of this Resolution of the Pledged Borrower Obligations and Pledged Receipts or of any other moneys, securities or funds;

(F) To permit the issuance of Bonds in bearer form if authorized by **Section 3.01**, including such provisions relating to payment, notices, selection of Bonds for redemption, and similar matters relating to bearer bonds in general;

(G) To establish such additional funds and/or accounts or consolidate one or more funds and/or accounts, all as may be deemed necessary and proper to further the purposes of the Program;

(H) To modify or amend any of the provisions of this Resolution to conform with any changes required or permitted by the Acts, provided that such modifications or amendments do not materially adversely affect the Holders of Outstanding Bonds;

(I) To modify any of the provisions of this Resolution or any previously adopted Supplemental Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution shall cease to be Outstanding, and all Bonds issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent resolutions; or

(J) To cure any ambiguity or defect or inconsistent provision in this Resolution or to insert such provisions clarifying matters or questions arising under this Resolution as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with this Resolution as theretofore in effect.

Section 10.02 Supplemental Resolutions Effective With Consent of Bondholders.

The provisions of this Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of Bondholders in accordance with and subject to the provisions of **Article XI**, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer.

Section 10.03 General Provisions Relating to Supplemental Resolutions.

This Resolution shall not be modified or amended in any respect except in accordance with and subject to the provisions of this **Article X** and **Article XI**. Nothing contained in this **Article X** or **Article XI** shall affect or limit the rights or obligations of the State to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of Section 904 or the right or obligation of the State to execute and deliver to the Trustee or any

Paying Agent any instrument elsewhere in this Resolution provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Supplemental Resolution adopted by the State when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of this Resolution, is authorized or permitted by this Resolution and is valid and binding upon the State and enforceable in accordance with its terms.

The Trustee is hereby authorized to accept delivery of a certified copy of any Supplemental Resolution permitted or authorized pursuant to the provisions of this Resolution and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on Counsel's Opinion that such Supplemental Resolution is authorized or permitted by the provisions of this Resolution.

No Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent may be adopted by the State without the written consent of the Trustee or Paying Agent affected thereby.

ARTICLE XI.

AMENDMENTS

Section 11.01 Powers of Amendment.

(A) Other than modifications or amendments permitted by **Article X**, any modification or amendment of this Resolution and of the rights and obligations of the State and of the Holders of the Bonds, in any particular, may be made by a Supplemental Resolution, with the written consent given as hereinafter provided in **Section 11.02** of:

(1) the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given; or

(2) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, the Holders of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given;

provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section.

(B) No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or Sinking Fund Installment therefor, or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect

the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment.

(C) For the purpose of this Section, a Series shall be deemed to be affected by a modification or amendment of this Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing provisions Bonds of any particular Series or maturity would be affected by any modification or amendment of this Resolution and any such determination shall be binding and conclusive on the State and all Holders of Bonds. The Trustee may receive an opinion of counsel, including a Counsel's Opinion, as conclusive evidence as to whether Bonds of any particular Series or maturity would be so affected by any such modification or amendment of this Resolution.

Section 11.02 Consent of Bondholders.

(A) The State may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of **Section 11.01** to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondholders for their irrevocable consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the State to the Bondholders.

(B) Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Trustee:

(1) an executed copy of such Supplemental Resolution;

(2) the written consents of Holders of a majority of Outstanding Bonds specified in **Section 11.01**; and

(3) a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the State in accordance with the provisions of this Resolution, is authorized or permitted by this Resolution, and is valid and binding upon the State and enforceable in accordance with its terms.

(C) Each such consent shall be effective only if accompanied by proof of the holding at the date of such consent of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by **Section 13.01**. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with **Section 13.01** shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in **Section 13.01** to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof). At any time after the Holders of a majority of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the State and the Trustee a

written statement that the Holders of a majority of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed.

(D) At any time thereafter, notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the State on a stated date, a copy of which is on file with the Trustee) has been consented to by a majority of the Holders of Bonds and will be effective as provided in this **Section 11.02**, shall be given to Bondholders by the State by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this **Section 11.02** provided). The State shall file with the Trustee proof that such notice has been mailed to Bondholders. A transcript, consisting of the papers required or permitted by this **Section 11.02** to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the State, the Trustee, each Paying Agent and the Holders of all Bonds upon the filing at the expiration of 30 days after the filing with the Trustee.

Section 11.03 Modifications by Unanimous Consent. The terms and provisions of this Resolution and the rights and obligations of the State and of the Holders of the Bonds may be modified or amended in any respect upon the adoption and filing with the Trustee by the State of a copy of a Supplemental Resolution certified by an Authorized Officer and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in **Section 11.02**, except that no notice to Bondholders either by mailing or publication shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee or Paying Agents without the filing with the Trustee of his written assent thereto in addition to the consent of Bondholders.

Section 11.04 Mailing. Any provision in this Article for the mailing of a notice or other document to Bondholders shall be fully complied with if it is mailed postage prepaid (A) to each registered owner of Bonds then Outstanding at his address, if any, appearing upon the registry books of the State, and (B) to the Trustee.

Section 11.05 Exclusion of Bonds. Bonds owned or held by or for the account of the State shall not be deemed Outstanding for the purpose of consent or other action and the State shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Resolution. At the time of any consent or other action taken under this Resolution, the State shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 11.06 Notation on Bonds. Bonds delivered after the effective date of any action taken as in **Article X** or this **Article XI** provided shall, bear a notation by endorsement or otherwise in form approved by the State and the Trustee as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and upon presentation of such Bond for such purpose at the corporate trust office of the Trustee suitable notation shall be made on such Bond by the Trustee as to any such action. If the State or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the State to conform to such action shall be prepared and delivered, and upon demand of the Holder of any Bond then

Outstanding shall be exchanged without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

ARTICLE XII.

DEFAULTS AND REMEDIES

Section 12.01 Events Default. Each of the following events is hereby declared and shall constitute an “Event of Default”; if

(A) The State shall default in the payment of the principal or Redemption Price or Sinking Fund Installment for, any Bond then and as the same shall become due whether at maturity or upon call for redemption;

(B) The State shall default in the payment of any installment of interest on any Bonds; or

(C) The State shall fail or refuse to comply with the provisions of the State Act or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part in this Resolution, any Supplemental Resolution, or in the Bonds contained, and such failure, refusal or default shall continue for a period of 45 days after written notice thereof by the Trustee or the Holders of not less than twenty-five percent (25%) in principal amount of Bonds Outstanding.

Section 12.02 Remedies.

(A) Upon the happening and continuance of any event of default specified in **Section 12.01(A) or (B)**, the Trustee shall proceed, or upon the happening and continuance of any event of default specified in **Section 12.01(C)**, the Trustee may proceed, and upon the written request of the Holders of not less than 25% in principal amount of the Outstanding Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the State to receive and collect Pledged Receipts and other properties and to require the State to carry out any other covenant or agreement with Bondholders and to perform its duties under the State Act;

(2) by bringing suit upon the Bonds;

(3) by action or suit in equity, require the State to account as if it were the trustee of any express trust for the Holders of the Bonds; or

(4) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds.

(B) In the enforcement of any remedy under this Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the State for principal, Redemption Price, interest or otherwise, under any provision of this Resolution or a Supplemental Resolution or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the State for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

Section 12.03 Priority of Payments After Default. In the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and principal or Redemption Price then due on the Bonds, Other Financial Assistance and Related Program Obligations, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption, Other Financial Assistance or Related Program Obligations) and any other moneys received or collected by the Trustee acting pursuant to the State Act and this **Article XII**, after making provisions for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under this Resolution, shall be applied as follows:

(A) Unless the principal of all of the Bonds shall have become or have been declared due and payable,, then with respect to all Outstanding Bonds and Other Financial Assistance and Related Program Obligations payable on a parity basis with the Outstanding Bonds,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds, Other Financial Assistance and Related Program Obligations, which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds, Other Financial Assistance and Related Program Obligations, due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(B) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, Other Financial Assistance and Related Program Obligations, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond, Other Financial Assistance or Related Program Obligations over any other Bond, Other Financial Assistance or Related Program Obligations, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds, Other Financial Assistance or Related Program Obligations.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the State, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Resolution as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date.

Section 12.04 Termination of Proceeding. In case any proceeding taken by the Trustee on account of any event of default shall have been discontinued or abandoned for any reason, then in every such case the State, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 12.05 Bondholders' Direction of Proceedings. Anything in this Resolution to the contrary notwithstanding, the Holders of the majority in principal amount of the Bonds then Outstanding shall have the right by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Section 12.06 Limitation on Rights of Bondholders. No Holder of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or enforcement of any right under this Resolution or any right under law unless such Holder shall have given to the Trustee written notice of the event of default or breach of duty on account of which such suit, action or proceeding is to be taken, and

unless the Holders of not less than 25% in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under this Resolution or for any other remedy hereunder or under law. It is understood and intended that no one or more Holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Resolution, or to enforce any right hereunder or under law with respect to the Bonds or this Resolution, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Holders of the Outstanding Bonds. Notwithstanding the foregoing provisions of this Section or any other provisions of this **Article XII**, the obligation of the State shall be absolute and unconditional to pay the principal or Redemption Price of and interest on the Bonds to the respective Holders thereof at the respective due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such Holders to enforce such payment.

Anything to the contrary notwithstanding contained in this **Section 1206**, or any other provision of this Resolution, each Holder of any Bond by his acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit or the enforcement of any right or remedy under this Resolution or any Supplemental Resolution, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least 25% in principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal or Redemption Price of or interest on any Bond on or after the respective due date thereof expressed in such Bond.

Section 12.07 Possession of Bonds by Trustee Not Required. All rights of action under the Resolution or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof on the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Holders of such Bonds, subject to the provisions of this Resolution.

Section 12.08 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 12.09 No Waiver of Default. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence herein; and every power and remedy given by this Resolution to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 12.10 Notice of Event of Default. The Trustee shall give to the Bondholders notice of each event of default hereunder known to the Trustee within 90 days after knowledge of the occurrence thereof, unless such event of default shall have been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the principal or Redemption Price of or interest on any of the Bonds, or in the making of any payment required to be made into the Support Fund, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders. Each such notice of event of default shall be given by the Trustee by mailing written notice thereof: (A) to all registered Holders of Bonds, as the names and addresses of such Holders appear upon the books for registration and transfer of Bonds as kept by the Trustee; (B) to such Bondholders as have filed their names and addresses with the Trustee for that purpose; and (C) to such other persons as is required by law.

ARTICLE XIII.

EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOFS OF OWNERSHIP OF BONDS

Section 13.01 Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Resolution to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Bondholders in person or by their attorneys or agents appointed by an instrument in writing for that purpose. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the holding and ownership of Bonds shall be sufficient for any purpose of this Resolution (except as otherwise herein provided), if made in the following manner:

The fact and date of the execution by any Bondholder or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by delivery of a certificate, which need not be acknowledged or verified, of an officer of any bank, trust company, or other depository, or of any notary public, or other officer authorized to take acknowledgments. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which may seem sufficient. Any request or consent of the Holder of any Bond shall bind every future Holder of the same Bond in respect of anything done or suffered to be done by the State, the Trustee or any Paying Agent in pursuance of such request or consent.

ARTICLE XIV.

DEFEASANCE

Section 14.01 Defeasance.

(A) If the State shall pay or cause to be paid to the Holders of all Bonds then Outstanding, the principal or Redemption Price, if any, and interest to become due thereon, and the payments on Other Financial Assistance or Related Program Obligations, all at the times and in the manner stipulated therein and in the Resolution, then, at the option of the State, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the State to the Bondholders shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the State, execute and deliver to the State all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the State all money, securities and funds held by them pursuant to the Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(B) Bonds or interest installments for the payment or redemption of which moneys or securities shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by the State of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with effect expressed in **Section 14.01(A)**. All Outstanding Bonds of any Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in **Section 14.01(A)** if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity, the State shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Bonds on such date as provided in **Article VI** and in the Supplemental Resolution for such Bonds, and (2) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be. Neither Defeasance Securities or moneys deposited with the Trustee pursuant to this Section or principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on such Bonds

(C) Anything in the Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds or coupons which remain unclaimed for six years after the date when such Bonds have become due and payable,

either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for six years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, at the written request of the State, be repaid by the Fiduciary to the State, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the State for the payment of such Bonds; provided, however, that before being required to make any such payment to the State, the Fiduciary shall, at the expense of the State, cause to be published at least twice, at an interval of not less than seven days between publications, in Authorized Newspapers, a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall not be less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the State.

ARTICLE XV.

MISCELLANEOUS

Section 15.01 Preservation and Inspection of Document. All documents received by the Trustee or any Paying Agent under the provisions of this Resolution or any Supplemental Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the State, the Trustee or any Paying Agent and, or after written request received by the Trustee at least five business days prior to the date of inspection, by any Holder of five percent (5%) in principal amount of the Series of Outstanding Bonds to which such Loans relate and their agents and representatives, any of whom may make copies thereof.

Section 15.02 Bond Insurer May Act . Pursuant to a Supplemental Resolution, an insurer of a Series of Bonds may be deemed to be the sole holder of the applicable Series of Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Holder of the Bonds insured by it are entitled to take pursuant to this Resolution.

Section 15.03 Parties of Interest. Nothing in this Resolution or in any Supplemental Resolution adopted pursuant to the provisions hereof, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or party other than the State, Trustee, Paying Agents, and the Holders of the Bonds any rights, remedies or claims under or by reason of this Resolution or any Supplemental Resolution or any covenants, condition or stipulation thereof; and all covenants, stipulations, promises and agreements in this Resolution and any Supplemental Resolution contained by or on behalf of the State shall be for the sole and exclusive benefit of the State, Trustee and Paying Agents and the Holders from time to time of the Bonds.

Section 15.04 No Recourse Under Resolution or on Bonds. All covenants, stipulations, promises, agreements and obligations of the State contained in this Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the State and not of any member, officer or employee of the State in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the

Bonds or for any claim based thereon or on this Resolution against any member, officer or employee of the State or any natural person executing the Bonds.

Section 15.05 Severability. If any one or more of the covenants, stipulations, promises, agreements or obligations provided in this Resolution on the part of the State, Trustee or any Paying Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant or covenants, stipulation or stipulations, promise or promises, agreement or agreements, obligation or obligations shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations herein contained and shall in no way affect the validity of the other provisions of this Resolution.

Section 15.06 Heading. Any headings preceding the texts of the several Articles and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

Section 15.07 Conflict. All resolutions or part of resolutions or other proceedings of the State in conflict herewith be and the same are repealed insofar as such conflict exists.

Section 15.08 Effective Date. This Resolution shall take effect immediately upon its adoption.